

Control Section 4.10  
Reductions By Program

0510  
Org. Code: 0450

Department: State and Consumer Services Agency

## How was reduction implemented?

A reduction of \$135,534 from the total of the State and Consumer Services Agency's budget was accomplished by the elimination of two positions.

## What was the actual effect of this reduction?

The elimination of two positions has impacted the Agency's ability to meet ongoing requirements related to supporting and advising our thirteen program areas. In addition, the reductions have impacted our ability to provide comprehensive management oversight on behalf of the Administration. While the reductions have impacted our level of service, we have worked hard to mitigate the impacts and we continue to perform our core agency functions of providing support and oversight for our thirteen program areas.

Department Director Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Agency Secretary Approval: Fred Aguirre

Date: 3-17-04

## Control Section 4.10 Reductions By Program

Org. Code: 0520

Department: California Infrastructure and Economic Development Bank ("I-Bank")

### How was reduction implemented?

The I-Bank was required to eliminate four vacant positions, including an Office Assistant, an Assistant Loan Officer and two Loan Officers. These positions were vacant at the time the 4.10 reductions were implemented as a result of elimination of positions elsewhere at the Technology, Trade and Commerce Agency ("TTCA"). Four I-Bank employees decided to accept positions outside of TTCA due to a fear of being "bumped" by more senior TTCA personnel in other departments that were to be laid off as a result of the closure of TTCA. Other positions at I-Bank were similarly vacated and were filled by unqualified personnel from other parts of TTCA who are currently in training. Although these personnel are working hard to learn, the often extensive private sector experience of the departed personnel is impossible to duplicate, creating additional work for the remaining staff.

The elimination of these four positions, which represented a 17% reduction to the I-Bank's already lean workforce, did not save the State's General Fund any money since the I-Bank's operations are funded exclusively from fees charged to borrowers, interest earnings and loan repayments. It was apparently the policy of the Department of Finance under the previous administration to obtain a maximum "body count" of layoffs without regard to the impact upon the operation of programs.

### What was the actual effect of this reduction?

The I-Bank has experienced the following effects as a result of losing the positions:

**Longer Time to Process Loans.** The loss of three of the eight (38%) Loan Officer positions dedicated to processing applications for the Infrastructure State Revolving Fund (ISRF) Program has resulted in longer times to process applications from local governments for critical infrastructure projects with no savings to the state. Staff has received complaints from potential borrowers about the increased processing time.

**Reduction in Technical Assistance Provided.** The remaining ISRF staff has been able to provide only minimal technical assistance to small, rural and economically distressed borrowers as a result of the increased workload associated with losing three

key positions. Improving the level of technical assistance had been a critical goal of the I-Bank staff.

**Inadequate Clerical Support.** The I-Bank's sole Office Assistant position was eliminated, which has resulted in professional level staff having to perform clerical duties on a routine basis. This is inefficient and increases the cost of performing clerical duties.

**Postponement of Strategic Planning.** The reduction of the four positions has placed significant strain on the I-Bank's remaining staff, which is expected to complete over \$2 billion of financing in the current fiscal year. The I-Bank has been in a reactive mode since the latest reduction and has temporarily abandoned any pretense of strategic planning.

Department Director Approval: Stanton C. Hazelroth

Date: 3-5-04

Agency Secretary Approval: Samuel D. [Signature]

Date: 3-15-04

Control Section 4.10  
Reductions By Program

Org. Code: 0540

Department: Secretary for Resources

### How was reduction implemented?

Two positions were new and never filled. One position, the Senior Property Appraiser was intended to be additional staff for the Department of General Services to be dedicated to the Resources Agency's acquisitions. DGS received additional position authority and this position was not needed. The second position was an Associate Information Systems Analyst to support the increased support due to the addition of the bond program. The position was never filled, and the workload was absorbed.

Funding for a clerical support position was reduced. This position was vacant and abolished. No layoffs were necessary to accomplish the reduction.

### What was the actual effect of this reduction?

Clerical workload was spread among the remaining support positions. Morale has diminished and absenteeism has increased. Products are taking longer to initiate and complete. IT support has been affected with longer delays in resolving problems for users. The appraiser workload was absorbed by additional positions at DGS.

Department Director Approval: \_\_\_\_\_ Date: \_\_\_\_\_

Agency Secretary Approval:  Date: 3/11/04

Control Section 4.10  
Reductions By Program

Org. Code: 0550

Department: Youth and Adult Correctional Agency

## How was reduction implemented?

In order to implement the Control Section 4.10 reduction of \$99,445, the Youth and Adult Correctional Agency (YACA) reduced 1.0 exempt Staff Assistant position (\$97,018) and temporary help dollars (\$2,427).

## What was the actual effect of this reduction?

The exempt Staff Assistant position was originally established as a Deputy Secretary, Legislation, and used by the Agency to handle its legislative oversight responsibilities. However, during fiscal years 2001/02 and 2002/03, the Administration used the position as a Staff Assistant. The position was returned to the Agency during FY 2002/03 and was subsequently abolished under Control Section 4.10.

Abolishment of the position has required YACA to fulfill its legislative function using resources from its subordinate departments. At the present time, YACA is using the legislative chief from the California Youth Authority (CYA) to handle its legislative affairs. This has left the CYA with limited resources to manage its legislative program. Because of YACA's need for a permanent Deputy Secretary of Legislation, it recently submitted a Spring request to the Department of Finance to establish this position in the Budget Year.

YACA is utilizing staff from its subordinate departments to handle special project assignments rather than hiring Temporary Help employees at this time.

Department Director Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Agency Secretary Approval:  \_\_\_\_\_

Date: 3-12-04

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Attachment IControl Section 4.10  
Reductions By Program

Org. Code: 0552

Department: Office of the Inspector General

## How was reduction implemented?

The .4 position reduction was included as part of the agency's overall layoff plan of 50 staff. These staff reductions were completed as of February 9, 2004.

## What was the actual effect of this reduction?

The Office of the Inspector General performed less audits and investigations.

Department Director Approval: \_\_\_\_\_



Date: \_\_\_\_\_



Agency Secretary Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Control Section 4.10  
Reductions By Program

Org. Code: 0553

Department: Office of the Inspector General for Veterans Affairs (OIG-VA)


## How was reduction implemented?

The OIG-VA reduced the Executive Secretary position time base from full-time to 60% time base. Position was administrative that supports the Inspector General (IG-Directorate) position. The IG position has been vacant since March 2003. In addition, the OIG-VA eliminated all temporary help and some operating expenses to arrive to the total reductions.

## What was the actual effect of this reduction?

The actual Section 4.10 reduction for OIG-VA was general fund reduction of \$46,862 and a Veterans Farm & Home Bldg fund reduction of \$1,981.

Department Director Approval:

  
DEPUTY INSPECTOR GENERAL

Date:

2/25/2004

Agency Secretary Approval:

Date:

**Control Section 4.10  
Reductions By Program**

**Org. Code:** 0555

**Department:** Office of the Secretary for Environmental Protection

**How was reduction implemented?**

The Secretary for Environmental Protection eliminated three, filled full-time positions pursuant to Control Section 4.10 of the 2003 *Budget Act*. The employees were placed on "surplus" lists and found other employment or retired.

**What was the actual effect of this reduction?**

- Maintenance and updates to the "CalGold" Internet portal, a statutorily-required service, are substantially reduced. New and expanding businesses that seek regulatory information about environmental and other permits may find out-dated information and, thus, must directly contact each local, regional, and state regulatory jurisdiction regarding such requirements. (Note: the Permit Assistance Centers were closed in the preceding fiscal years following legislatively-mandated reductions.)

*(Note: an unrelated control section, 4.40, specifies that funding may be provided for the Department of General Services' "e-Business Center." Whether and how this DGS service may supplant CalGold is unknown.)*

**Department Director Approval:** Donald Owen

**Date:** 3-12-2004

**Agency Secretary Approval:** DED for TT

**Date:** 3-12-2004



Control Section 4.10  
Reductions By Program

Org. Code: 0558 & 0650

Department: Office of the Secretary for Education

## How was reduction implemented?

*The Office of the Secretary for Education (OSE) applied the full amount of its Section 4.10 reduction (\$256,500) to personnel, eliminating a total of three full-time positions. These positions are:*

- *Assistant to the Governor*
- *Intergovernmental Program Analyst*
- *Administrative Assistant*

## What was the actual effect of this reduction?

*The effect of this reduction has been a redistribution of workload and areas of responsibility within the (OSE). Staff has taken on additional duties in tracking and analyzing legislation. In addition, the OSE is no longer administering any local assistance funds or program operations.*

Department Director Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Agency Secretary Approval:  \_\_\_\_\_

Date: March 12, 2004

## Control Section 4.10 Reductions By Program

Org. Code: 0690

Department: Governor's Office of Emergency Services

### How was reduction implemented?

#### Program 15 - Mutual Aid Response

- Personal Services: elimination of four positions in our Operations Support Branch, reduction of temporary help in the Information Technology (IT) Branch, reduction of overtime for Fire & Rescue Branch
- OE&E: elimination of consultant costs for the Fire & Rescue, Law Enforcement and IT Branches

### What was the actual effect of this reduction?

Position elimination has occurred in our Logistics, Warning Center and Telecommunications functions within Operations Support. These functions provide critical support both during and in anticipation of disasters or emergencies, in areas such as notification and warning and emergency communications support to first responders and local government. Loss of positions in these areas will result in further consolidation within these functions and possible delays in services.

Each year California experiences fire disasters, many of which do not meet the threshold for a federal declaration and federal reimbursement. Loss of state budget funding for fire and Rescue Branch overtime will mean that difficult decisions will have to be made to determine how to allocate staff time in support of fire incidents within the budgeted allowance.

These losses are in addition to the prior loss of vacant positions, and agency wide operating expense reductions through cuts to travel, overtime, training and new equipment/contracts.

Department Director Approval: 

Date: 3-10-04

Agency Secretary Approval: \_\_\_\_\_

Date: \_\_\_\_\_

## Control Section 4.10 Reductions By Program

Org. Code: 0690

Department: Governor's Office of Emergency Services

### How was reduction implemented?

#### Program 35 - Plans and Preparedness

- Personal Services: elimination of 11 positions in our Planning and Technological Assistance Branch (PTAB), five Southern Region positions and one Inland Region position; elimination of temporary help in the Inland, Coastal and Southern Regions; transfer of funding for one California State Training Institute (CSTI) position from reimbursements to Federal Trust Fund
- OE&E: elimination of costs for printing, communications, travel, consultant and other general expense costs in the PTAB, Inland and Southern Regions

### What was the actual effect of this reduction?

The three OES Administrative Regions (Inland, Coastal and Southern) provide direct support to local government and are OES' closest link to our city, county, school, business and public for outreach, education and disaster preparedness. The Regions also directly support local government during response to disasters and emergencies by providing a link to state and other mutual aid resources.

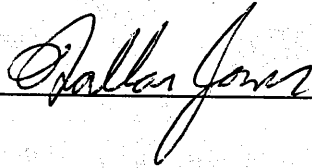
Prior to the current reductions, cuts were made that eliminated the Regional Administrator and other positions in our Coastal Region in Oakland, and also resulted in the closure of Regional satellite offices throughout the Inland and Southern Regions. The reductions to the Coastal Region may require that we merge this operation with our Inland Region. The additional reductions in the Regions will also affect our ability to support and assist local government—both during and in planning for future disasters and emergencies. As an example, the closure of the Southern Region satellite office in San Diego will affect the timeliness and level of service should another disaster such as the October/November 2003 firestorms occur again in the San Diego area.

The OES Planning and Technological Assistance Branch provides policy and guidance for emergency planning and preparedness, including development and maintenance of the state's Standardized Emergency Management System (SEMS). The Branch also provides technical

expertise for technological hazards such as hazardous and radioactive materials. The recent devastating fire and earthquake disasters remind us that California is susceptible to a multitude of hazards. Combined with the current emphasis on terrorism and homeland security issues, California's need for a robust emergency planning capability and all-hazards approach is greater than ever. The losses of technical and emergency planning expertise in this Branch will further strain these critical services when they are most needed.

These losses are in addition to the prior loss of vacant positions, and agency wide operating expense reductions through cuts to travel, overtime, training and new equipment/contracts.

Department Director Approval:



Date: 3-10-04

Agency Secretary Approval:

Date: \_\_\_\_\_

## Control Section 4.10 Reductions By Program

Org. Code: 0690

Department: Governor's Office of Emergency Services

### How was reduction implemented?

#### Program 45 - Disaster Assistance

- Personal Services: elimination of 49 positions in the Disaster Assistance Division (DAD), elimination of DAD temporary help
- OE&E: Elimination of DAD facility costs and consultant costs

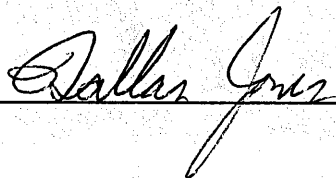
### What was the actual effect of this reduction?

In accordance with state and federal law and regulation, OES coordinates and administers state and federal disaster assistance for individuals, businesses, state and local government agencies and certain private non-profit organizations through its Disaster Assistance Division.

The OES Southern California Disaster Field Office (DFO) in Pasadena was established to manage the state's long-term recovery from disasters, and provide on-site technical advice and assistance to affected Southern California communities. This reduction, coupled with prior position cuts and layoffs in the Pasadena Office, has resulted in the closure of the DFO. This closure will result in a slowing of state recovery programs for Southern California local governments and communities. The state will incur additional costs in travel, overtime, and other operating expenses, to manage these programs from Sacramento.

These losses are in addition to the prior loss of vacant positions, and agency wide operating expense reductions through cuts to travel, overtime, training and new equipment/contracts.

Department Director Approval: \_\_\_\_\_



Date: 3-10-04

Agency Secretary Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Control Section 4.10  
Reductions By Program

Org. Code: 0690

Department: Governor's Office of Emergency Services

## How was reduction implemented?

### Program 50 Criminal Justice Projects

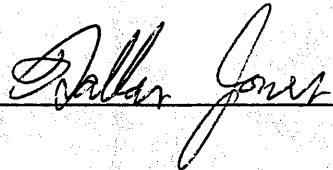
- Personal services: elimination of two positions from the Criminal Justice Programs Division

## What was the actual effect of this reduction?

The Criminal Justice Programs Division provides support to the CA Criminal Justice Systems through policy research and development and through awards of federal and state grant funds to public and private agencies for public safety and victims services projects.

This Division was recently consolidated with OES by Budget Act directive that eliminated the Office of Criminal Justice Planning. When this occurred the former OCJP also lost 50 positions. The additional position cuts will further decrease OES' resources to manage these programs, which will in turn impact the timely and effective delivery of services.

These losses are in addition to the prior loss of vacant positions, and agency wide operating expense reductions through cuts to travel, overtime, training and new equipment/contracts.

Department Director Approval: 

Date: 3-10-04

Agency Secretary Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Control Section 4.10  
Reductions By Program

Org. Code: 0690

Department: Governor's Office of Emergency Services

## How was reduction implemented?

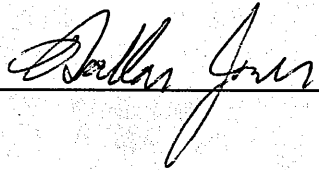
### Program 55 - Administration and Executive/Distributed Administration

- Personal Services: elimination of 3 Administration and 1 Executive position

## What was the actual effect of this reduction?

The reductions in Distributed Administration occurred because theoretically, the above position cuts equate to a lessened need for support services. In reality, however, there is a base staffing level that is required to provide even the most basic support to the department. Coupled with prior year losses of Distributed Administration positions, these basic services will be impacted by the current cuts. In addition, OES recently acquired a large portion of the former OCJP department due to Budget Act directive, so there is an increase in our program staff and need for support. This will further thin the already reduced support capability for the department.

These losses are in addition to the prior loss of vacant positions, and agency wide operating expense reductions through cuts to travel, overtime, training and new equipment/contracts.

Department Director Approval: 

Date: 3-10-04

Agency Secretary Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Control Section 4.10  
Reductions By Program

**Org. Code:** 693

**Department:** California Housing Finance Agency

## How was reduction implemented?

The positions and funds of the CalHFA are all directly tied to the administration and security of bondholder and investor funds. In order to remain in compliance with all of our investor requirements, no positions or funds were reduced. In addition, the Agency has no appropriated General or Special Funds and is not in the Governor's Budgets. Its funds were not included in the 2003/2004 spending plan realignment of Control Section 4.10.

## What was the actual effect of this reduction?

None.

Department Director Approval:

*Theresa A. Paul*

Date: 3/5/04

Agency Secretary Approval:

*Sumner D. Deane*

Date: 3-16-04



## Control Section 4.10 Reductions By Program

**Org. Code:** 0820

**Department:** Justice

### How was reduction implemented?

To comply with reductions outlined in Control Section 4.10, the Department of Justice eliminated 276.8 positions to provide a savings of \$27,322,428 (\$1,493,900 Base Reduction and \$25,828,528 GSI Savings) and an additional \$1,763,000 from the Architectural Revolving Fund (ARF) which provided a grand total savings of \$29,085,428 to the state for fiscal year 2003-04.

### What was the actual effect of this reduction?

While abolishing chronically vacant or hard-to-fill vacancies generated the savings needed to pay increased employee compensation, the department's ability to generate sufficient salary savings has been severely diminished. This will result generally in decreased legal services and reductions to law enforcement programs. More specific information by program is outlined below. This reduction impacts the health, safety, and welfare of the citizens of the state of California.

#### **Division of Law Enforcement**

The program impact in the Division of Law Enforcement has resulted in increased overtime of existing staff and increased use of contracted employees. The affect of these reductions on the DLE bureau's are as follows:

- **Bureau of Narcotic Enforcement** is the oldest narcotic enforcement bureau in the United States. The bureau's objective is to use its resources to combat the complex problems associated with arresting and prosecuting major drug dealers, violent career criminals, clandestine drug manufacturers, and violators of prescription drug laws. Due to the reduction of Special Agent/Special Agent Supervisor positions, the bureau has been forced to either redirect existing agent personnel or not work the following mandated programs: Violence Suppression, Crackdown, Clan Lab, Special Operations, Diversion and CALMS. With the abolishment of the agent positions, approximately 544 cases/investigations have not and will not be opened, 117 cases/investigations will not be closed, and 154 arrests will not be made. This represents 11 percent of the total number of BNE cases/investigations not to be opened and/or closed, and 11 percent of the total BNE arrests will not be made. The estimated numbers are based on the total actual number of BNE cases/investigations opened (5,006), BNE cases/investigations closed (1,083), and BNE arrests completed during the year 2003. As a state level narcotic enforcement program, BNE is identified as a leader in providing support in resources, equipment and intelligence to federal, state, and local law enforcement agencies. The reduction of agent personnel has reduced this level of leadership and support throughout the state. As for the office support positions that were abolished, those workloads have been redirected to existing staff creating a heavier workload and, at times, causing a backlog of work product.

- **Bureau of Forensic Services** is the scientific arm of the Attorney General's Office whose Forensic scientists collect, analyze, and compare physical evidence from crime scenes or persons. They also provide criminalistics, blood alcohol, and related forensic science information services to state and local law enforcement agencies, district attorneys and the courts. Due to position reduction in this program, the bureau has been forced to redirect existing personnel and/or have existing personnel work in out-of-class assignments in order to provide the necessary casework review for the following type of cases: criminalistic, drug, blood/breath alcohol, clandestine drug labs and DNA. It has been estimated that Senior Criminalists analyze 35 cases per year (based on two Criminalists analyzing physical evidence for 8 hours per day, 262 work days per year). The reduction of these positions will reduce the case output by 140 cases per year and impede the prosecution of local criminal cases by county District Attorneys. The loss of Supervisors in the Richmond DNA Laboratory has left that program with a very high subordinate to Supervisor ratio that has resulted in loss of efficiencies and personnel problems. The loss of clerical support staff has required BFS Criminalists to act as office support staff further decreasing casework productivity. While scientific personnel are performing more administrative duties, forensic workload becomes backlogged and repairs on scientific instrumentation are delayed.
  
- **California Bureau of Investigations** is responsible for performing investigations for the Attorney General's Legal Divisions; assisting district attorneys and local law enforcement in complex or multi-jurisdictional investigations and in cases involving conflicts of interest; conducting special investigations as directed by the Attorney General in response to requests from the Governor, the Legislature, and other state agencies. Due to the reduction of Special Agent/Special Agent Supervisor positions, the bureau has been forced to either redirect existing agent personnel or not work the following mandated programs: Sexual Predator Apprehension Teams (SPAT), Unsolved Violent Crimes, Foreign Prosecution, and the Investigative Services Team. Specifically regarding SPAT, without CBI assistance, local law enforcement agencies would have a more difficult task in effectively handling the growing number of sexual predators on their own. These investigations require statewide coordination and leadership that SPAT has and continues to provide. The reduction of eight agent positions is 24 percent of all agents assigned to work the SPAT program. Based on the average workload per existing SPAT agent, it is estimated that 120 sex offender arrests will not be made each year. This equates to 22.5 percent of the total arrests of sex offenders will not occur. This number is based on the total number of SPAT arrests, 532, for the year 2003. As for the office support positions that were abolished, those workloads have been redirected to existing staff, and in some cases agent personnel, creating a heavier workload and taking the agent away from working investigations in the field.
  
- **Criminal Intelligence Bureau** is responsible for providing timely collection, coordination, analysis, investigation, and dissemination of criminal intelligence regarding organized crime, street gangs, and terrorist activity to federal, state and local law enforcement agencies. The programs impacted by the position reduction are the: Hate Crimes, Organized Crime and Street Gangs. As a result of reductions, the programs are not receiving the proper intelligence analysis and support that is needed. As for the office support positions that were abolished, those workloads have been shifted to existing staff creating a larger workload and, at times, cause a backlog which requires overtime.

### **Division of California Justice Information Services**

The reductions have resulted in delays in the Division of California Justice Information Services ability to provide criminal justice intelligence, information and identification services to law enforcement, regulatory agencies and the public in the areas of fingerprint identification and

updates to and responses from the criminal history record system and the data bases on persons, property and firearms. This impacts both public and peace officer safety. As a result, many complaints regarding these delays in service have been received from both the public and the legislature.

**Criminal Record and Disposition Processing.** Elimination of positions resulted in delayed/untimely update of arrest and non-law enforcement purpose criminal offender record information to the Automated Criminal History System (ACHS). This results in incomplete and inaccurate records, which undermine the ability of law enforcement agencies, district attorneys and courts to make complete and informed detention, arrest, prosecution and sentencing decisions. Also, the legitimacy of employment, licensing and custodial child placement decisions, based on criminal history background investigations, is tarnished exposing a vulnerable populace to potential harm and cruelty.

**Applicant Processing.** Elimination of positions resulted in the untimely/delayed processing of non-law enforcement purpose criminal offender record information requests. These requests are part of the background investigative process conducted when individuals seek employment or licensing for positions of trust that often exercise supervisory power over children or dependent adults. Interaction with an individual with an unknown criminal history background places a vulnerable individual in a precarious situation making them easy prey for unscrupulous activity. Also, untimely processing causes extreme and continual service degradations to all law enforcement and regulatory agencies.

**Record Improvement and Field Liaison.** With the elimination of 1 position, law enforcement agencies are not receiving notice of, or training on, statutorily mandated reporting requirements or information about automated options for compliance.

As such, incomplete and inaccurate criminal offender record information is continually submitted, which undermines the ability of law enforcement agencies, district attorneys and courts to make complete and informed detention, arrest, prosecution and sentencing decisions. Also, the legitimacy of employment, licensing and custodial child placement decisions, based on criminal history background investigations, is tarnished exposing a vulnerable populace to potential harm and cruelty.

**CAL-ID.** The reduction of positions in the California Identification (CAL-ID) Program has resulted in law enforcement agencies and courts experiencing delays when requesting latent image comparisons to ascertain the positive identification of suspects under investigation, in custody, wanted or undergoing prosecution for serious, violent or predatory offenses. The delay forces peace officers to handle suspects with unknown criminal backgrounds, thereby exposing them to potential violence. Also, delays preclude adherence to the two-hour response time for in custody bookings and impede the applicability and accuracy of three strike career criminal prosecutions.

**Violent Crime Information.** The elimination of the CIS II position in the Sexual Habitual Offender Program has resulted in an accumulated backlog of approximately 820 "known offender files" to be entered into the Violent Crime Apprehension Program (VICAP) database. The cut has also decreased the case assistance available to law enforcement such as identifying possible suspects, disseminating sex offender bulletins, and preparing charts, mappings and timelines for investigations and prosecution cases. The cut has also resulted in less time available to add current Unsolved Cases to the Attorney General's Web Site.

The DOJA I was responsible for a broad range of managerial duties associated with the effective operation of Investigative Services Program (ISP) and the Supervised Release File (SRF) and with assisting over 800 LEAs, including the FBI, to solve multi-jurisdictional cases involving the most violent crimes. Management oversight (in areas such as analytical services, identifying suspects, developing investigative leads, and preparing court evidence) has been significantly reduced. The elimination of this position has been a huge detriment to coordinating cases on a

state-level. Case coordination prevents criminals from easily escaping detection by simply crossing county borders. The loss has also reduced the oversight provided to SRF, which is important to officer safety because it alerts officers on the street of a subject's potential for violence.

The elimination of a PT I position in the **Sex Offender Tracking Program** has caused a delay in processing sex offender registration information and also has impaired the program's ability to ensure quality control over the Violent Crime Information Network (VCIN) data entry process. Both processes are critical to the accuracy of Megan's Law data viewed by the public. By slowing the flow of offender information and hindering quality control efforts, the elimination of this position could adversely impact public safety.

**Criminal Justice Statistics:** The cut Research Analyst position was assigned three Preliminary Crime Reports, provided staff support to the Attorney General's Domestic Violence Committee, and was an integral part of the "Crime in California" publication team. Its existing functions were reassigned to the degree possible, but the loss has reduced the number of Special Reports undertaken and produced; lengthened the response time to requests for data through our Special Requests unit; and restricted the Program's ability to respond to "special projects" as requested by the Legislature (i.e., SR 18 "Homeless Study" or SB 1608's "Felons Arrested With Prior Firearms Violations").

**Communication Administration.** With advanced technology, users continually upgrade existing systems to acquire faster/efficient access to the California Law Enforcement Telecommunication System (CLETS). More than 1,700 agencies access CLETS using approx. 62,000+ computers. Daily workload is not processed in a timely manner thus creating a substantial backlog. Backlog includes processing: Client computer system additions/upgrades; Terminal access requests for CLETS access mnemonic assignments; Line orders; Network consultations; Policy questions requiring response; Problem research/resolution; & California Law Enforcement Website (CLEW) (approval of CLEW applications & assignments of user-ID's/passwords). The delayed/unaccomplished workload results in law enforcement & criminal justice agencies having limited or no access to CLETS, violating federal & state mandates. Delays in workload compromise officer safety, prevent law enforcement from performing duties, incur monetary costs to local agencies, & increase DOJ's vulnerability to lawsuits.

**Automated Systems Program / Stolen Vehicle Unit.** The Unit's ability to process legislatively mandated "Notice of Stored Vehicle" notifications has been hampered causing delayed notification to legal and registered owners of vehicles that have been stored or impounded. In turn, this results in increased storage fees or loss of vehicle and could be a source of civil liability for the Department. Additionally, the Unit is unable to maintain the timely processing of Dismantlers Notice of Acquisition documents, delaying the Unit's ability to identify stolen vehicles, and to notify reporting law enforcement agencies of the vehicle location prior to its being dismantled.

**ARF Account.** The proposed ergonomic improvements will not take place and the staff will not receive the needed ventilation and lighting improvements. Existing resources funded these health and safety issues.

**Hawkins Data Center.** Elimination of 13 positions has critically impacted the Hawkins Data Center's ability to manage the technical expertise and skills dedicated to its systems, including computer operations support services to various law enforcement agencies and the Network Information Security Unit of the DOJ. Some needed enhancements or program fixes will be delayed by as much as 6 months. Software problems normally corrected in 4 hours are taking 6 to 8 hours. Complex problems may result in downtime up to 24 hours. Officer and public safety may be compromised. Support, service and maintenance to the California Law Enforcement Telecommunication System (CLETS) and the DOJ network have been impacted. These systems provide law enforcement agencies with access to criminal justice information necessary to do

their daily jobs. The positions were intended to work on the upgrade of the antiquated interfaces for the FBI and other states' systems to enable the DOJ to have reliable service to the system's files. Without these positions, the DOJ is not meeting the cutoff dates from the FBI, and our service level is in jeopardy. The FBI is no longer maintaining the old system, so if it fails, California will be without access to FBI information for some period of time. The cut also impacted the ability to supervise the installation and support of DOJ's desktop environment. Some of the positions provided technical assistance to DOJ's 5,500 employees in troubleshooting desktop hardware and software problems. There is a much higher risk of not being able to respond to and support internal and external needs in a timely manner.

**Telephone Solicitor (Do Not Call) Fund.** Impact was in the reduction of excess authority. The 1.8 positions were lost as a result of the federal system being implemented and the state process being reduced to handling complaints instead of actually blocking calls.

### **Firearms Division**

The Firearms Division licenses and regulates over 2,100 firearm dealers and manufacturers, which requires dealer compliance inspections. The loss of these positions has resulted in an increase in the amount of time between these compliance inspections. Delays between compliance inspections result in a greater volume of firearm records not being examined. Consequently, the probability of finding dealer errors or intentional criminal acts will be much lower. Without timely intervention, a number of serious errors can occur enabling many criminals to illegally obtain firearms, which places Californians at risk.

This reduction has also impacted the Division's ability to process Carry Concealed Weapon Permit eligibility checks in a timely manner.

### **Division of Civil Law**

**Government Section.** Reductions have hindered the ability to handle document-intensive discovery and litigation in our Los Angeles office on behalf of the six elected constitutional officers, the Department of Finance and our other clients, because there is currently no on-site paralegal support for our Los Angeles attorneys within the Government Section. Documents must be shipped to Sacramento for handling and processing, or processed by outside vendors, at greater expense to the State.

**Business and Tax (B&T).** This reduction has greatly affected our ability to be able to handle out of state matters using B&T Section attorneys. To address the workload issues, we have raised the minimum monetary threshold requirements for tax collection case referrals to the Attorney General's Office. With regard to the smaller and medium collection cases that are no longer handled by our office, Franchise Tax Board (FTB) (and other clients) will have to determine whether to resolve the matter using its own staff attorneys or retain outside counsel at a higher cost to represent the FTB.

**Health, Education and Welfare (HEW).** The ability to represent governmental agencies that administer state health, education, and welfare programs has been hindered by the elimination of positions. Programs include those involving Medi-Cal, skilled-nursing facilities, community-care facilities, the protection of the public health developmental centers, adoption and parental rights, hospital licensing and day care, sexually violent offenders, and educational reform efforts.

The reduction has strained the section to the point that it is precariously close to being unable to continue to represent the governmental agencies in all of these programs. If the section is forced to withdraw from representation in any of these areas, outside counsel will have to be retained at substantial additional costs.

**False Claims.** The loss of personnel has slowed down work on at least one major case, and on our investigations of other possible cases, thus delaying the resolution and settlement of cases, which generate revenue for the State. In the workload area of auditing and accounting, we have to go outside (private contractor) for additional assistance, at greater cost.

**Employment, Regulation and Administration (ERA).** The reduction has hindered the ability to represent specific law enforcement agencies and regulatory state agencies in non-tort matters and also to represent a number of client agencies in employment discrimination suits and personnel matters, and in civil and other proceedings involving the administration of these client agencies. More specifically, the Section has turned down work (from SPB, the AOC, and CDC) due to lack of workload capacity. DAGs are becoming more reactive in their work, as opposed to proactive, which results in lower work quality and could jeopardize the outcome of some cases.

### **Division of Criminal Law**

**Appeals, Writs, and Trials (AWT).** AWT has eliminated a substantial part of its traditional assistance to district attorneys. The office is no longer providing assistance to small county district attorneys in prosecutions where the district attorney may need assistance to prosecute the case effectively. In the past, this office provided such assistance in some major death penalty prosecutions, for example the Charles Ng and the Cary Stayner cases. The Division can no longer provide such assistance. In addition, historically, AWT would prosecute certain cases when the district attorney lacked the resources to even initiate the prosecution. Now, except in cases where death or grave bodily injury occurs, AWT is not prosecuting these cases. Local law enforcement has expressed considerable disappointment over this result.

This results in criminal appeals and habeas corpus matters filed by convicted felons, both in capital and non-capital cases, AWT is rapidly losing the ability to examine the trial record fully and to file comprehensive responsive pleadings. The likely result of AWT's inability to examine the trial record fully and to file comprehensive responsive pleadings will be cases where our inability to perform these necessary tasks will lead to the reversal of the convictions which might otherwise have been avoided. This could result in criminal offenders being released with the potential to commit more crimes and harm more victims.

**Bureau of Medi-Cal Fraud.** The reduction has resulted in the following workload impacts:

- Severe delays in the prosecution of cases
- Cases lost due to expiration of statutes of limitation
- Cases lost due to time-sensitive challenges (e.g., erosion of witnesses recollection, evidence became stale, suspect flight, etc.)
- Suspects remaining on the streets and continuing to bilk the Medi-Cal program and/or preying on vulnerable seniors
- BMFEA's inability to assist other law enforcement agencies in their efforts to combat Medi-Cal Fraud and Elder Abuse.

In addition, the loss of positions has also severely impeded BMFEA's ability to fulfill its mission objectives, causing Californians to suffer the following harm:

- The annual loss of hundreds of millions of dollars in fraud against a program that serves as the only source of healthcare for more than 6.4 million Californians

The reduced ability to protect vulnerable seniors and disabled adults from abuse including, but not limited to, homicides, sexual assaults, batteries, and gross neglect (e.g., severe malnutrition and dehydration).

## **Public Rights Division**

The Public Rights Division serves Californians by safeguarding the State's environment and natural resources, protecting state lands, maintaining competitive markets, protecting consumers against misleading advertising claims and fraudulent business practices, preserving charitable assets and protecting civil rights. Many of these activities require highly specialized expertise across numerous areas of law.

The impact of the above position reductions required for Control Section 4.10 has resulted in limiting the Attorney General's ability to investigate complaints and to pursue predators and violators aggressively. Years of experience previously maintained through the Division's retired annuitants have been sacrificed. Activities that could more appropriately be handled by paraprofessionals and support staff have become the additional responsibilities of attorneys, thereby reducing their productivity. Administrative units (as in the Registry of Charitable Trusts and Seller of Travel) are not able to function at full capacity, hindering their ability to perform legislatively mandated work.

To carry out the Attorney General's constitutional mandate to ensure that the laws of the State are uniformly and adequately enforced, the Department is now being forced to divert resources on an ad hoc basis to those cases/areas with the most immediate needs. Building subject area expertise through longer-term assignments is no longer possible. Efforts are more reactive; proactive activities are suffering. Response-times are increasing, and existing backlogs are worsening. The redirection of staff has also exacerbated an ongoing funding misalignment related to reimbursable and general fund work within the Division.

Staff have compensated to some extent by working significant overtime. This is not, however, a viable long-term solution. The Attorney General will eventually be forced to decline cases. Client agencies will be forced to hire outside counsel at three to four times the cost to the State or face the potential of substantial judgments.

Finally, the Public Rights Division's historical success in recovering substantial amounts for the State, as well as for its self-funding requirements, will likely suffer

## **Division of Legal Support and Technology**

The loss of positions has impaired DLST's ability to provide the appropriate level of legal secretary services. It has also directly affected the quality of services attorney staff can deliver when handicapped by insufficient numbers of support personnel to type briefs and provide secretarial services. These reductions have forced the Division to turn away in-house law practice support services, which results in legal staff having to outsource work using higher priced services. We have been forced to shut down several reception desks in every Attorney General's office statewide. Overall, this reduction has directly affected the quality of services attorney staff can deliver when handicapped by insufficient numbers of support personnel.

## **Division of Gambling Control**

This reduction has affected the Division of Gambling Control's ability to conduct in-depth background investigations on license applicants and to investigate violations of the gambling laws in California. The Gambling Control Act enacted strict standards of suitability for individuals to be associated with gambling in California because of the criminal element historically associated with gambling. Without adequate resources to investigate the qualifications of gambling establishment owners and key and non-key employees, the public cannot be assured that controlled gambling is conducted within the law and by individuals who meet those strict standards.



In addition to impairing the Division's ability to determine licensure suitability, the reduced funding authority will affect the Division's ability to identify illegal activity and audit gambling establishments. There will be a reduction in the ability to monitor the conduct of licensees, investigate violations of the Act, and to investigate complaints. Audit staff inspect premises where gambling is conducted, examine gambling equipment, and audit records of gambling establishments to identify illegal activities such as skimming, under reporting of revenues, loan sharking, money laundering, bookmaking, and other illegal activities. Compliance and enforcement staff investigate suspected violations of gambling laws, coordinate multi-jurisdictional investigations, investigate complaints lodged against licensees by the public and work to preserve the public's safety and welfare.

### **Administrative Services Division**

Employees have had to absorb additional workload with the abolishment of positions. The units within this division do not operate as efficiently and overtime is necessary to complete projects and assignments. The reduction has impacted our ability to pay all invoices timely and not incur late payment penalties. The Fiscal Systems Unit which maintains the Accounting Information System (AIS) has experienced delays in the ability to maintain the AIS system. Reductions in the Personnel section has resulted in a delay in processing worker's compensation claims, adverse actions, benefit changes and payroll for intermittent employees. The other positions that were eliminated were part of the Do Not Call (DNC) Unit. The creation of the Federal DNC changed the direction of this program. With the elimination of the revenue stream we were not able to utilize the existing special fund authority.

### **Executive Programs**

The program impact of reducing positions in the Executive Programs Division has resulted in increased overtime of existing staff, increased use of contracted employees and shifting workload to the most mission critical tasks only. The following units within the Executive Programs have been impacted:

- (1) The **Public Inquiry Unit's Alternative Dispute Resolution Program** is a consumer complaint resolution process that helps consumers recover restitution in consumer fraud complaints. Due to the reduction of positions, the Public Inquiry Unit (PIU) was forced to redirect existing staff and work effort from the Alternative Dispute Resolution Program to administer legislatively mandated programs (e.g., Do Not Call, corporate/financial whistleblower, etc.). As a result, the PIU in calendar year 2003 was able to recover only \$313,000 via the Alternative Dispute Resolution Program; whereas in calendar year 2002, the Unit recovered \$1.64 million for consumers. The Unit focuses its staff time and work efforts by continual shifting or redirecting of staff time and work efforts to the most current and urgent priorities (e.g., legislative mandates).
- (2) The **Office of Native American Affairs** serves as the Attorney General's liaison to California's American Indian citizenry. The Office is responsible for addressing justice-related, law enforcement, and public safety services issues for California's Native American communities throughout the State of California. Staff reduction has resulted in fewer Tribal communities being assisted in developing collaborative models, which have proven successful for those communities that have adopted the model.
- (3) The **Protective Services Unit** is charged with the protection of the Attorney General. With the loss of staff, the Unit was reduced to two Special Agents, one located in Northern California and the other in Southern California. It is imperative that the State protect the Attorney General. Therefore, the effect of this reduction has been increased



overtime for each Special Agent by 36% and increased use of contracted employees by 9%.

Department Director Approval: \_\_\_\_\_

Date:

Agency Secretary Approval: \_\_\_\_\_

Date:

Control Section 4.10  
Reductions By Program

Org. Code: 0840 – Departmental

Department: State Controller's Office

## How was reduction implemented?

The State Controller's Office took a cut of \$2.932 million (\$1.032 million General Fund; \$1.900 million Reimbursements) and 29.7 PYs (12.8 General Fund; 16.9 Reimbursement) per the Control Section 4.10 reduction action. To implement these reductions, we re-evaluated our program's priorities, needs, benefits to California taxpayers and the risks associated with limiting our ability to respond to our constitutional obligations. This reduction impacted both constitutional and non-constitutional activities.

This plan, together with reductions taken over the last two years, represents nearly 200 positions eliminated (or redirected to address new workload) and budget reductions of nearly \$9.8 million.

The following sheets identify how the reductions were implemented and what was the actual effect of these reductions by each program.

Chief Operating Officer

Department Director Approval:

Vincent P. Brown

Vincent P. Brown

Date: 3/5/04

Agency Secretary Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Control Section 4.10  
Reductions By Program

Org. Code: 0840 – Program 10 (Division of Accounting and Reporting)

Department: State Controller's Office

## How was reduction implemented?

Two positions were eliminated (1 Office Assistant (G) and 1 Associate Accounting Analyst) and a total of \$149,175 was reduced from the program budget. Of this amount, \$104,407 was salaries and related benefits, with the remaining \$44,768 reduction coming from Operating Expenses and Equipment. The reduction amounts, by fund source, were \$69,162 General Fund and \$80,013 Reimbursements.

## What was the actual effect of this reduction?

**Office Assistant (G)** – This position was responsible for filing, retrieving and tracking Local Reimbursement claims. Loss of this position requires that other Accounting and Reporting staff perform these duties on an “as available” basis. Elimination of this position adversely impacted accessibility to claims and increased the probability that Local Reimbursement claims would be lost.

**Associate Accounting Analyst** – This position was responsible for the verification of receipts and ensuring the timely release of investment claims. Since this position was eliminated, PERS and STRS must verify receipts and approve the release of claims.

Control Section 4.10  
Reductions By Program

Org. Code: 0840 – Program 20 (Division of Audits)

Department: State Controller's Office

### How was reduction implemented?

Seventeen positions were eliminated (5 Staff Management Auditor {Specialists}, 10 Associate Management Auditors, 1 CEA I, and 1 Office Assistant {G}) and a total of \$1,855,236. Of this amount, \$1,209,918 was salaries and related benefits, with the remaining \$645,318 reduction coming from Operating Expenses and Equipment. The reduction amounts, by fund source, were \$305,043 General Fund and \$1,550,193 Reimbursements.

### What was the actual effect of this reduction?

Elimination of these positions reduced the number of audits that could be performed relating to: Gas Tax, Streets and Road Funds, Integrated Waste Management, and Peace Officer Standards & Training (POST). Additionally, California Energy Commission audits were completely eliminated. As a result, compliance and oversight audits will not be performed and this will negatively impact state revenues and increase opportunities for the inappropriate expenditure of state funds.

## Control Section 4.10 Reductions By Program

**Org. Code: 0840 – Program 30 (Personnel/Payroll Services Division)**

**Department: State Controller's Office**

### How was reduction implemented?

Thirteen positions were impacted by this reduction. Of which, twelve were partial position reductions totaling 4.2 PYs and the remaining position eliminated a CEA I. Full funding for the CEA position and the equivalent amount for the partial position reductions was subtracted from the programs budget in the amount of \$450,841. Of this amount, \$410,486 was salaries and related benefits, with the remaining \$40,355 reduction coming from Operating Expenses and Equipment. The reduction amounts, by fund source, were \$353,941 General Fund and \$96,900 Reimbursements.

### What was the actual effect of this reduction?

The elimination of the CEA position (Assistant Division Chief) was taken because the incumbent retired. Consequently, the duties performed by this individual were delegated to other senior level managers and the Division Chief. The elimination of unused PYs for employees working reduced time base took away the flexibility to increase the time base to meet workload demands.

Control Section 4.10  
Reductions By Program

Org. Code: 0840 – Program 40 (Information Systems Division)

Department: State Controller's Office

### How was reduction implemented?

One position was eliminated (Associate Information Systems Analyst) and a total of \$83,282. Of this amount, \$72,060 was salaries and related benefits, with the remaining \$11,222 reduction coming from Operating Expenses and Equipment. The reduction amounts, by fund source, were \$79,299 General Fund and \$3,983 Reimbursements.

### What was the actual effect of this reduction?

This action reduced the technical support resources available to SCO staff for desktop and laptop computers. Maintenance of standard workgroup computing hardware and software has been impacted as well; increasing the customer down time resulting in lost productivity department wide.

Control Section 4.10  
Reductions By Program

Org. Code: 0840 – Program 50 (Division of Collections)

Department: State Controller's Office

### How was reduction implemented?

No positions were eliminated in this program. The reduction taken was for \$5,000 in Operating Expenses and Equipment (General Fund).

### What was the actual effect of this reduction?

The program decreased the level of funding dedicated to Facility Alterations.

The SCO avoided taking reductions in this program because it is already understaffed to meet the current workload demands. Backlogs are accumulating and the program faces the risk of failure to meet its statutorily mandated 180-day turnaround for claims.

## Control Section 4.10 Reductions By Program

Org. Code: 0840 – Program 60 (Administration and Support)

Department: State Controller's Office

### How was reduction implemented?

Five positions were eliminated (1 Legislative Coordinator, 1 Microfilm Technician II, 1 Microfilm Technician I, 1 Mailing Machine Operator I, and 1 Executive Assistant) and a total of \$387,676. Of this amount, \$244,563 was salaries and related benefits, with the remaining \$143,113 reduction coming from Operating Expenses and Equipment. The reduction amounts, by fund source, were \$219,223 General Fund and \$168,453 Reimbursements.

### What was the actual effect of this reduction?

Position reductions for the Microfilm Technician II and the Microfilm Technician I were the result of efficiencies associated with the installation and implementation of a DVD Jukebox for cancelled warrants. As a result this reduction will not impact the services provided by the program.

The elimination of the Legislative Coordinator reduced the ability to respond to legislation-related issues and time critical information could be delayed.

The Executive Assistant position will increase the workload for other Executive Office support staff.

The Mailing Machine Operator I position was vacant and a workload study indicated that this position could be eliminated without adversely impacting warrant production.



## Control Section 4.10 Reductions By Program

**Org. Code:** 0845

**Department:** California Department of Insurance – Program 12

### How was reduction implemented?

The California Department of Insurance agreed to a reduction in budgetary authority of \$960,000 in the Insurance Fund, in the category of Operating Expenses and Equipment. Of that amount, \$384,000 was reduced in Program 12. The objective of Program 12 is to protect insurance policyholders and other parties involved in insurance transactions against unfair or illegal practices. The following line-items were reduced in order to meet the \$384,000 reduction: General Expenses - \$179,000, Training - \$24,000, and Facility Operations - \$181,000.

### What was the actual effect of this reduction?

#### **General Expense - \$179,000**

Due to the reduction in General Expense of \$179,000, CDI has had to reduce the number of computers and laptops (a necessity since staff travel to conduct examinations of insurers), that should be purchased to replace aging equipment. As the computer replacement process gets prolonged, it will eventually become a problem since the computer industry is constantly upgrading its software and as the software evolves, it takes newer computers to run it. Other reductions in General Expenses affect office supply purchases and reduces the number of conferences CDI attends, which hampers the program's ability to inform the public of the services CDI provides to the consumer.

#### **Training - \$24,000**

Staff has had to significantly reduce their training plans - some staff will only be able to attend mandatory training classes while others have had to stagger their training classes over two fiscal years, instead of completing training within one fiscal year.

**Facility Operations    -\$181,000**

In Facility Operations, rent negotiations saved CDI \$160,000 at the office located at 300 Capitol Mall, while the remaining \$21,000 will be saved by doing less office reconfigurations.

Department Director Approval: Dennis Ward

Date: 3/1/04

Agency Secretary Approval: \_\_\_\_\_

Date: \_\_\_\_\_

## Control Section 4.10 Reductions By Program

**Org. Code:** 0845

**Department:** California Department of Insurance – Program 20

### How was reduction implemented?

The California Department of Insurance agreed to a reduction in budgetary authority of \$960,000 in the Insurance Fund, in the category of Operating Expenses and Equipment. Of that amount, \$576,000 was reduced in Program 20 (Fraud Control). The objective of Program 20 is to protect the public from economic loss by actively investigating and arresting those who commit insurance fraud.

The following line-items were reduced in order to meet the \$576,000 reduction:  
Printing - \$63,000, Postage - \$16,000, Travel - \$100,000, Training - \$103,000,  
Equipment - \$71,000, and Other Items of Expense - \$223,000.

### What was the actual effect of this reduction?

Program 20 was able to absorb this reduction without an immediate, significant adverse impact because of a large number of vacant positions that reduced the overall need for OE&E expenditures. Most of the vacant positions are in the Fraud Investigation class, which is considered to be "hard to fill" even though the Department gives a priority to filling these vacant positions. The full impact of the reduction will be felt as we fill these vacant positions.

#### **Printing -\$63,000; Postage -\$16,000**

By reducing the number of brochures printed for anti-fraud outreach, the program was also able to reduce its postage costs. The negative impact of this reduction is that fewer citizens are informed about insurance fraud.

#### **Travel -\$100,000**

As mentioned above, due to the number of vacant Fraud Investigators, the Fraud Division was able to reduce the expenditures in this line-item.

Control Section 4.10  
Reductions By Program

Org. Code: 0885

Department: CA Gambling Control Commission

## How was reduction implemented?

The Commission implemented this reduction by eliminating the following positions/position equivalents:

- 1 Legal Secretary
- .5 Staff Services Manager I
- .2 Temporary Help

## What was the actual effect of this reduction?

- Some legal secretarial responsibilities are not being done, for example, legal filing.
- Staff counsel prepare their own documents and handle their own filing of regulations thereby impacting their primary responsibilities and causing delays in such professional legal duties as:
  - Promulgation of regulations
  - Review of various proposition player contracts
  - Necessary legal research
  - Advise to Commissioners
  - Responses to Governor's Office, the Legislature, and other State agencies
  - Analysis of State and Federal legislation.
- The Commission continues to be remiss in carrying out its administrative-related statutory mandates and good business practice responsibilities. This includes such requirements as records management and staff development.
- Other staff, as well as management, are carrying out administrative tasks thereby reducing attention to their responsibilities such as policy issues and research.
- Mandated small business and disabled veteran business enterprise procurement goals are not being met and staff have not yet been trained in how to meet these goals.
- Equipment is not being effectively and efficiently maintained and managed.

Commission Chairman Approval: Dean Shelton

Date: 3-11-04

## Control Section 4.10 Reductions By Program

Org. Code: 0890

Department: Secretary of State

### How was reduction implemented?

The Secretary of State (SOS) implemented reductions to two program areas in compliance with the Section 4.10 reduction. All program reductions occurred in Operating Expenses and Equipment, Consultant and Professional Services. The total reduction for SOS programs was \$506,000 and was allocated as follows: Oral History Program \$250,000 and Information Technology Consultants \$256,000.

### What was the actual effect of this reduction?

#### Oral History Program

Since 1986, the State Archives has administered a legislatively established oral history program (AB 2104, Chapter 965, Statutes of 1985) that has completed approximately 200 oral histories to date. The State Government Oral History Program is imperative for the Archives to carry out its mission of identifying, acquiring, managing, preserving, and making accessible for use California state government records and related materials. Through contracts with universities, the Oral History Program prevents loss of information for future generations of government and enhances the historical understanding of legislative and executive processes and policy-making in California by capturing the insights of men and women who have served in significant roles within state government. The Oral History Program is a highly specialized activity that cannot be accomplished by state employees. The recent statewide special election is an important political event that may set a precedent in future elections. Individuals associated with the statewide special election may be considered relevant subjects for oral history interview. Interview subjects are people who have had a significant role in California state government such as former members of the Legislature, constitutional officers, agency and department heads, and others who have shaped public policy and are identified as being influential in political and public developments at the statewide level.

Program reductions will prevent the State Archives developing oral histories on subjects currently involved in state government and from reducing the backlog of 110 subjects previously involved in state government. Term-limits will add to the backlog as a total of 180 potential subjects are projected to term out between 2000 and 2010, including hundreds of elected and appointed officials. The inability to interview current and backlogged subjects presents a risk of information loss that cannot be recovered.

#### Information Technology Consultants

Information technology consultants are critical to the maintenance of SOS systems and databases. Consultants provide support in three areas: general infrastructure security, voter registration drivers' license validation database, and the limited partnership/limited liability company system (LP/LLC).

A reduction of \$40,000 was taken from consultant services for lab testing and evaluation of new security software and WAN/LAN security hardware. This reduction hinders SOS' ability to test and evaluate potential security software for implementation that will ensure the strictest security measures available for the SOS infrastructure.

The \$60,000 reduction taken against the CalVoter II maintenance contract will limit the ability for SOS programming staff to be trained to support the CalVoter II database. SOS will continue to rely on consultants for database support and maintenance instead of being able to maintain the system in-house.

Consultant support for the voter registration drivers' license validation system was reduced by \$39,500. Without consultant support for this system, the accuracy of validating voter registration names and addresses through the compatibility of SOS and Department of Motor Vehicle system is reduced.

The LP/LLC system had a reduction of \$116,500. The LP/LLC system is a 15-year old system scheduled for replacement in 2005 that stores filings related to various business programs. The LP/LLC system was written in COBOL language, which is antiquated and foreign to current SOS information technology staff. Consultants are retained to provide general maintenance and resolve system problems until a transition to a new, updated system occurs in 2005. As information technology staff attempt to correct problems with the LP/LLC system, resolution delays will occur due to lack of staff experience with the COBOL language. This system will be replaced with the Business Program Automation, Phase II, scheduled to go on-line in 2005.

Department Director Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Agency Secretary Approval: Sandra Dummerick

Date: 3/15/04

## Control Section 4.10 Reductions By Program

Org. Code: 0950

**Department: State Treasurer's Office**

*Brief Description of Program Responsibilities:*

The State Treasurer's Office (STO) provides banking services for State government with goals to minimize interest and service costs and to maximize yield on investments. The STO is responsible for the custody of all monies and securities belonging to or held in trust by the State; investment of temporarily idle State monies; administration of the sale of State bonds, their redemption and interest payments; and payment of warrants drawn by the State Controller and other State agencies.

**How was reduction implemented?**

Four divisions of the STO implemented General Fund reduction plans pursuant to Control Section 4.10 of the 2003 Budget Act. The Securities Management Division eliminated one Associate Treasury Program Officer, one Executive Assistant, one Program Technician III, and one Program Technician II. The Public Finance Division transferred funding for four positions that are dedicated to the variable rate bond program from the General Fund to Reimbursements. The Cash Management Division, due to increased reimbursement collections, was able to shift funds from the General Fund to Reimbursements. Finally, the Administration Division eliminated two temporary help positions.

**What was the actual effect of this reduction?**

The Securities Management Division had been in the process of reengineering its policies and procedures at the time Control Section 4.10 was issued due to the anticipated implementation of the Debt Management System automation project. This internal assessment allowed the division to create improved workload efficiencies and increase staff productivity. Concurrent to this process, several enhancements were made to the division's accounting database (New Data Delivery System), which increased productivity by reducing manual database entry. As a result of these combined efforts, the reduction of the four positions has had no appreciable effect on the productivity and morale of the division.

The Public Finance Division is now directly charging the cost of the four positions that are dedicated to the variable rate bond program to issuers for each bond sale based on the number of staff hours charged to the sale and for trustee and overall oversight functions. These are costs associated with the STO's role as agent-for-sale for general obligation bonds, revenue anticipation notes and certain revenue bonds. Thus, the effect of this reduction is related only to the funding source. The positions are staffed and the agent-for-sale activities for the general obligation variable rate bond program are being completed, as required.

The Cash Management Division's reduction is related only to the funding source, with no adverse impacts upon service so long as reimbursement charges remain sufficient to offset operational costs.

The Administration Division has existing staff assuming the workload duties that were previously performed by temporary staff.

Department Director Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Agency Secretary Approval: \_\_\_\_\_

Date: 3/18/04



Control Section 4.10  
Reductions By Program

Org. Code: 0954

Department: Scholarshare Investment Board

*Brief Description of Program Responsibilities:*

The Scholarshare Investment Board (SIB) is the administrator of three programs, ScholarShare-California's 529 Savings Plan, the Governor's Scholarship Programs (GSP), and the California Memorial Scholarship Program, with more than \$1.3 billion under management for these programs. Scholarshare is a college savings program that helps families save for higher education costs; the GSP is responsible for administering more than \$300 million in entitlement awards that are being granted to students who have demonstrated high academic achievement as exhibited by their test scores on specific exams; and the California Memorial Scholarship Program is scheduled to begin granting awards in 2005 to dependents of those who survived the September 11, 2001 terrorist attacks.

**How was reduction implemented?**

SIB downgraded a Staff Services Manager I (SSM I) position to an Associate Governmental Program Analyst (AGPA) position and moved that position from the GSP which is funded by the General Fund to Scholarshare which is funded by Special Funds. SIB also downgraded an AGPA position in the GSP to a Staff Services Analyst (SSA) position.

**What was the actual effect of this reduction?**

SIB, prior to Control Section 4.10, had two SSM I Positions. One managed the operations for the GSP; the other managed the Scholarshare Program. The reclassification of the GSP's SSM I to that of an AGPA has resulted in the expansion of the ScholarShare Program's SSM I's existing responsibilities and duties to include the oversight of the day-to-day operations for both programs and the supervision of all staff. The workload is manageable however, since legislation in 2003 ended the GSP program, allowing only for the administration of existing awards. This decline in workload for the GSP also allowed for shifting the AGPA position to Scholarshare, which has grown in size and complexity. The second downgrade, the AGPA position to that of a SSA has had no appreciable effect due to a reorganization of responsibilities amongst staff.

Department Director Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Agency Secretary Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Control Section 4.10  
Reductions By Program

**Org. Code:** 0956

**Department:** CA Debt and Investment Advisory Commission

*Brief Description of Program Responsibilities:*

The California Debt and Investment Advisory Commission (CDIAC) provides information, education and technical assistance on public debt, investments, and economic development financing tools to local public agencies and other public finance professionals. CDIAC originally was established as the State's clearinghouse for public debt issuance information and was required to assist state and local agencies with the monitoring, issuance, and management of public debt. Over the years, its duties have expanded to include numerous educational seminars and conferences annually for state and local agencies in the areas listed above as well as conducting in-depth research into topical areas of interest. CDIAC is specially funded through bond transaction fees and receives no funding from the State General Fund.

**How was reduction implemented?**

A vacant Assistant Program Specialist position and funds to support temporary help were eliminated pursuant to Control Section 4.10.

**What was the actual effect of this reduction?**

Assistant Program Specialist Position:

CDIAC's Data Unit is statutorily required to record and track all public debt issuance within the state. Between 1995 and 2002, the total volume of state and local debt issuance increased 286 percent. At the same time, the number of issues increased 139 percent. Between 2001 and 2002, for example, debt issuance by state and local agencies grew 71 percent. To handle the additional workload associated with the rising number of debt issues, CDIAC added two positions to their Data Unit. In 2002, one position was eliminated as a result of Control Section 31.60. In 2003, the second position, the Assistant Program Specialist, was eliminated as a result of Control Section 4.10. With the elimination of these positions, CDIAC's Data Unit is staffed as it was in 1995, even though the workload has increased substantially. To compensate for the loss of staff, CDIAC has shifted work associated with debt issuance tracking to other staff including a Research Analyst and Office Technician. By having additional workload shifted to their positions, the Research Analyst and Office Technician have had to reduce or delay the workload normally associated with their positions. For the Research Analyst, these duties include providing local governments with recommended practices and policies concerning debt issuance and public investments, tracking city and county investment portfolio reports and policies required by statute, and producing mandated reports such as CDIAC's *Annual Report*. For the Office Technician, these duties include assisting CDIAC's Education Unit with administrative work related to the 12+ seminars/conferences conducted each year. These duties include handling seminar registrations, updating mailing lists, and arranging conference calls with

seminar speakers. Without this support, the Education Unit Manager and Program Analyst have had to handle these clerical duties.

**Temporary Help:**

Historically, CDIAC has used temporary help to assist in the implementation of special projects and to temporarily fill positions due to turnover and vacations. Because CDIAC can no longer hire temporary help, managers and analysts must now answer phones, sort mail, file, order supplies, respond to publication requests, and handle other necessary clerical duties. Normal workload duties handled by these positions (including technical assistance inquiries, writing reports, and research-related duties) have been reprioritized, reduced, or delayed as a result of having to handle important day-to-day administrative tasks.

Department Director Approval: \_\_\_\_\_

Date: Mar. 17, 2004

Agency Secretary Approval: \_\_\_\_\_

Date: 3/18/04

Control Section 4.10  
Reductions By Program

**Org. Code:** 0968

**Department:** CA Tax Credit Allocation Committee

*Brief Description of Program Responsibilities:*

The California Tax Credit Allocation Committee (CTCAC) was established for the purpose of approving mortgage revenue bond allocations. The 1986 Federal Tax Reform Act authorizes CTCAC to allocate federal Low-Income Housing Tax Credits to foster development of affordable rental housing. Chapter 1164, Statutes of 1994, authorizes CTCAC to monitor projects receiving allocations of tax credits for compliance with federal and state laws for a 55-year compliance period. Finally, Chapter 1086, Statutes of 2002 designated the CTCAC as California's Commercial Revitalization Agency in order to allocate \$60 million annually in federal commercial revitalization tax deductions for projects of new construction or that redevelop abandoned and underutilized buildings in select renewal communities.

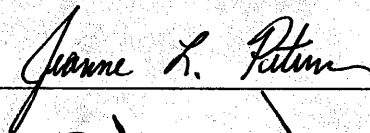
**How was reduction implemented?**

A vacant Associate Governmental Program Analyst position and funds to support temporary help were eliminated pursuant to Control Section 4.10

**What was the actual effect of this reduction?**

CTCAC has had difficulty fulfilling all of its statutory and regulatory responsibilities as a result of these reductions. CTCAC receives inquiries from members of the general public, state and federal legislators, developers, attorneys, accountants, and project managers, among others. As a result of the reductions, customer service response time to these inquiries has increased. The response time for issuing tax forms to owners, as well as deficiency notices to the IRS, has also increased. Additionally, CTCAC has struggled to fulfill its responsibilities under the Internal Revenue Code related to compliance monitoring of their developments.

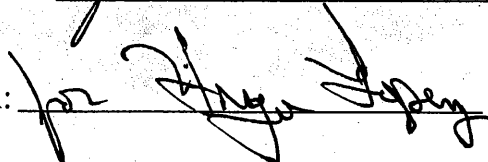
Department Director Approval:



Date:

3/18/04

Agency Secretary Approval:



Date:

3/18/04

Control Section 4.10  
Reductions By Program

**Org. Code:** 0974

**Department:** CA Pollution Control Financing Authority

*Brief Description of Program Responsibilities:*

Chapter 1257, Statutes of 1972, established the California Pollution Control Financing Authority (CPCFA). CPCFA provides California businesses with a reasonable method of financing pollution control facilities and fosters compliance with government imposed environmental standards and requirements. Industrial firms and agricultural producers receive funds from the sale of CPCFA revenue bonds for the acquisition, construction, or installation of pollution control facilities to meet environmental requirements mandated by public agencies.

**How was reduction implemented?**

A vacant Staff Counsel III position was eliminated pursuant to Control Section 4.10

**What was the actual effect of this reduction?**

CPCFA has managed legal matters that have arisen through greater reliance on outside legal contracts and through greater reliance on internal State Treasurer's Office legal counsel.

Department Director Approval: \_\_\_\_\_

Date: 3/18/04

Agency Secretary Approval: \_\_\_\_\_

Date: 3/18/04

Control Section 4.10  
Reductions By Program

**Org. Code:** 0977

**Department:** CA Health Facilities Financing Authority

*Brief Description of Program Responsibilities:*

The California Health Facilities Financing Authority (CHFFA) was established in 1979 and operates pursuant to the California Health Facilities Financing Authority Act in the California Government Code Sections 15430-15462.5. CHFFA was created to be California's vehicle for providing financial assistance to public and non-profit health care providers in the State through loans funded by the issuance of tax-exempt bonds. The diverse nature of the facilities funded by CHFFA reflects the changing health care needs of the State. From rural community-based organizations to large multi-hospital systems, CHFFA has financed a wide range of providers and programs throughout California. CHFFA also provides low interest direct loans to certain small or rural health facilities.

**How was reduction implemented?**

A vacant Associate Treasury Program Officer position was eliminated pursuant to Control Section 4.10.

**What was the actual effect of this reduction?**

In Fiscal Year 03-04, CHFFA's workload has intensified due to an increase in financing applications, additional requests for maintenance of existing documentation, and expansion of due diligence. This increase in workload, combined with the elimination of the Associate Treasury Program Officer position, could potentially result in the delay of funding of new loans.

Department Director Approval: \_\_\_\_\_

Date: 3/18/04

Agency Secretary Approval: \_\_\_\_\_

Date: 3/18/04

Control Section 4.10  
Reductions By Program

Org. Code: 0983

Department: CA Urban Waterfront Area Restoration Financing Authority

*Brief Description of Program Responsibilities:*

Chapter 1264, Statutes of 1983 created the California Urban Waterfront Area Restoration Financing Authority (CUWARFA). CUWARFA issues revenue bonds for urban waterfront development projects in designated coastal zones. Financing is available for both publicly and privately sponsored projects that provide public access or public recreation benefits and environmental enhancement and that demonstrate potential for job creation and economic stimulation.

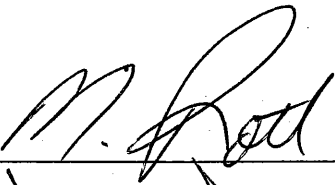
**How was reduction implemented?**

A vacant Executive Director position was eliminated pursuant to Control Section 4.10.

**What was the actual effect of this reduction?**

The Treasurer opted to reestablish this constitutionally authorized position due to programmatic and functional needs.

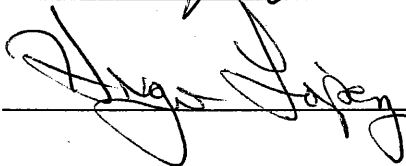
Department Director Approval:



Date:

3/24/04

Agency Secretary Approval:



Date:

3/24/07

Control Section 4.10  
Reductions By Program

**Org. Code:** 0985

**Department:** CA Schools Financing Authority

*Brief Description of Program Responsibilities:*

The California School Finance Authority (CSFA) was created in 1985 to oversee the statewide system for the sale of revenue bonds to reconstruct, remodel, or replace existing school buildings, acquire new school sites and buildings to be made available to public school districts (K-12) and community colleges, and to assist school districts by providing access to financing for working capital and capital improvements.

CSFA also is responsible for administering the Charter School Facilities Program, which provides facilities funding for charter schools. The Program was established pursuant to Assembly Bill 14, and funded in November of 2002 as part of the Kindergarten-University Public Education Facilities Bond Act (Proposition 47), which provided over \$13 billion for building new schools and modernizing old facilities.

**How was reduction implemented?**

CSFA downgraded an Associate Governmental Program Analyst (AGPA) position to a Staff Services Analyst (SSA) position.

**What was the actual effect of this reduction?**

Prior to this reduction, an Executive Director and two AGPAs staffed CSFA's Charter School Facilities Program. Reclassifying one of the AGPAs to a SSA position increased the workload of the remaining AGPA and the Executive Director. Given the skill level of the SSA, highly complex analytical work and other tasks that require more technical expertise need to be completed by the AGPA and the Executive Director. While the SSA remains a valuable resource to CSFA, the SSA primarily provides support to the AGPA and Executive Director, and when completing assigned tasks, requires oversight and review from either the AGPA or the Executive Director. Consequently, this reclassification could result in the delay of funding for charter school projects.

Department Director Approval: \_\_\_\_\_

Date: 3/17/04

Agency Secretary Approval: \_\_\_\_\_

Date: 3/18/04